# Corporate moral agency, diachronic responsibility and narrative identity

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The purpose of this paper is to explore the notion of corporate responsibility across time, so-called *diachronic responsibility* (French 2017; Khoury 2013). The motivation for taking up the issue is twofold. First, guidance is needed in order to make corporate moral agents who are capable of responding to large-scale systemic problems such as digitalization and climate change (Mulgan 2018). Corporate agents with a moral capacity for solving systemic problems should at least be able to account for their historic responsibility for past harms they have caused (Mena et al. 2016; Schrempf-Stirling et al. 2016), but they should also acknowledge the present and forward-looking duties of a communal, political, and shared kind of responsibility (Young 2011). A formalistic, a-temporal concept of corporate moral agency is not fit for accounting for how to respond to larger systemic problems, as these are typically of a historical nature and pertain to future generations.

The second motivation for this paper's focus on time and corporate moral agency responds to a gap in the research literature. For decades, the debate on corporate moral agency – initiated by Peter French's seminal 1979 article on the corporation as a moral person – has tended to be marginal, except for a few major contributions (e.g. Donaldson 1982). However, more recently, the debate has gained renewed traction (e.g. List and Pettit 2011; Orts and Craig Smith 2017) with a resurgence in the philosophy of the organization (Herzog 2018; Tollefsen 2015) and a wider debate about the political theory of firms (Ciepley 2018; Anderson 2017). A commonality of these debates is the shared and underlying consensus of making business firms morally accountable (Hess 2017); not least due to the corporate failures revealed by the financial crisis (Rangan 2015). But a gap can be identified in this emerging literature: not taking the time dimension into account. Peter French, though, proposes such an account of the diachronic moral responsibility of firms (2017), while also retaining his prior 'synchronic' view that corporations

are equal members of the moral community. French explores two theories about corporate diachronic identity, viz. psychological connectedness between prior and present identities, and the corporate self-narrative that can provide for consistency in the organization over time – French refers to this as diachronic 'sameness'.

The focus is on the narrative theory in this paper, probing whether it provides a convincing amendment to the influential and more synchronically-oriented theory of corporate moral agency offered by List and Pettit (2011; Pettit 2007; 2017). More generally, the paper probes how corporate diachronic responsibility provides an account for how business firms and organizations in general can take the future into account when responding to present crises of a systemic nature. Here, the cases of climate change and digitalization are explored.

*Advancing Enlightenment and the philosophical approach*

The paper thus explores the pivotal Enlightenment idea of personal moral autonomy (expressed in Kant's *Sapere Aude* dictum) by seeking to extend rationality and autonomy to also include organizations. This goes somewhat against the grain of Enlightenment thinking about what an organization is. We inherited the idea that, through planning and bureaucracy, organizations are mere instruments for realizing the ideals of reason and freedom. This Kantian view comes to expression in Weber's theory of the bureaucracy but, with the advent of modernity, the system of bureaucracy expands to colonize the human lifeworld as envisaged by Habermas (Herzog 2018). Attempts to reclaim the system and to make business organizations morally accountable can be seen as an extension of the Enlightenment vision that organizations should be in the service of emancipation and basic human rights (cf. Anderson 2017). However, the question is whether the notion of corporate moral agency is going too far by extending autonomy to also include collectives. In that sense, corporations are not mere instruments or systems, but rather are agents per se.

The paper also suggests taking the philosophical approaches, epistemologies, and methods exemplified in the current theorizing about corporate moral agency as helpful instruments in the attempt to rethink organization by means of philosophy. Connecting the philosophical debate on corporate moral agency with organization theory also paves the way for further innovation in the thinking about organization (cf. Phillips & Margolis 1999; Heugens & Scherer 2010).

The paper proceeds in three sections. First, the literature and theory of corporate moral agency with a particular view to the moderate collectivist stance of List and Pettit (2011) is reviewed. Second, the notion of corporate diachronic responsibility, based on French's proposal for corporate 'self-narratives' as the grounding of moral capacity on the part of corporate collectives, is introduced. Third, a notion of time-sensitive corporate moral agency is proposed, based on the prior sections and applied to two cases of systemic problems: climate change and digitalization.

## 1. *Review of corporate moral agency literature and List-Pettit functionalism*

The received view of moral agency holds that only human persons are eligible moral agents because they are embodied, and have a conscience and the ability to empathize with others. Calling this the phenomenological account of moral agency based on the capacity for first-person self-aware lived experience, collectives, groups, and corporations fall short of qualifying as moral agents. Hence, the very idea that a corporation exhibits the traits of persons can be seen as ludicrous (cf. Bakan 2004). Or, as Robert Reich responded to the idea in a comment on the Citizens United verdict which assigned the right of freedom of speech to corporations: "I'll believe corporations are people when Texas executes one" (Reich 2012). Hence, corporate moral agency is an essentially contested concept (Kusch 2014, 1593).

However, assuming that moral agency does not necessarily require human abilities but can be rendered plausible in functionalist terms, corporations might be real moral persons – or agents, to use the less controversial term. French (1979) argued that corporations are fully fledged moral persons insofar as they exhibit the competence to perform morally, based on a 'corporate internal decision structure'. List and Pettit (2011) continue the defense of the functionalist stance on 'group agency' by referring to a corporate decision procedure, often formalized in a constitution, executed by vote, or exercised by delegation to sub-groups or a representative (Pettit 2007, 180). Importantly, group *autonomy* should be preserved by avoiding group decisions being reduced to the decisions of individual members of the group (e.g. by an aggregation of votes).

The 'discursive dilemma' proposed by List and Pettit is core to rendering a formal argument for why groups are genuine autonomous agents over and above the individuals which inhabit them. This does not mean that group agents are possible without individual members, but rather it requires that a group agent supervenes on the acts of individual members (List & Pettit 2011,

64). The critics Rönnegaard and Velasquez (2017, 136) argue against the formalism of the functionalist account that "a code of conduct cannot be morally responsible". Hess mentions that corporate agency, in a radical understanding, might invoke the mysterious existence of the group person by referring to the 'homunculus' theory of the firm (Hess 2017, 170). Furthermore, Hindricks (2014) and Hasnas (2018) argue against List and Pettit's autonomous group agent by pointing to the fact that granting moral autonomy to groups on a par with ordinary humans opens the gate for *also* granting groups basic human rights, such as the right to vote. Obviously, few would allow groups such as business corporations the democratic right to vote in elections, and therefore this is a *reductio* of the very idea of corporate moral agency. Tim Mulgan (2018, 3) comes to the rescue by offering a typology ranging from *individualism* to *moderate collectivism* and *extreme collectivism*. The distinction between moderate and extreme collectivism becomes significant in rendering corporate moral agency a credible notion. According to the moderate collectivism which is held by List and Pettit (according to Mulgan), "corporate groups are moral agents, but none are fully fledged moral persons. Corporate groups enjoy some rights (e.g. property, contract) and can be held responsible for their actions. But they do not enjoy human rights" (ibid.). According to Mulgan, extreme collectivism claims that "some corporate groups are both moral agents and moral persons. They have the same moral status as human beings and enjoy analogous rights" (ibid.). This is controversial, but List and Pettit also explicitly dismiss it (List & Pettit 2011, 181).

However, in the future – according to Mulgan – we will need to make organizations accountable and much more trustworthy, with the emerging ecological crisis, resource scarcity, and digital beings in control of our lives as examples for this necessity. So, this provides reasons for taking extreme collectivism seriously.

Now, the question is whether more comprehensive and substantial accounts of corporate moral agency, such as, for instance, the proposed political deliberative accounts (Scherer & Palazzo 2007; Dubbink & Smith 2011; Sabadoz & Singer 2017; Pettit 2017) rely on *extreme* collectivist views, or whether they are *moderate.* The adherence to pragmatism found in Scherer and Palazzo's Habermasian, liberal-republican approach explicitly gives priority to democracy over philosophy, and therefore aims at some level of neutrality on the metaphysics of corporate moral agency. French's diachronic version of corporate moral responsibility raises similar questions.

2. *Corporate diachronic responsibility – the self-narrative*

The reading of French's recent account of diachronic corporate agency and responsibility (2017) that I am going to suggest presents his theory as even more comprehensive when compared to his earlier theory (1979, 1984). Going from a fairly abstract corporate internal decision structure to now also including a 'self-narrative' based on "annual reports, in advertising, in legal documents, in internal and external statements of corporate culture, and in policies" (French 2017, 62) to account for organizational 'sameness' can be seen as allowing for a more comprehensive theory of corporate moral responsibility (cf. Tollefsen & Gallagher 2017).

Importantly, synchronic responsibility for current events at T1 remains as time goes by at T2 + Tn, unless the corporate self-narrative has changed at Tn (ibid. 57, 62-63). French is basically favoring operational connectedness as a criterion for corporate identity over time, but he also argues that organizational sameness, in cases where operational sameness is lost (e.g. when a corporation merges or it changes its policies and structure), can be preserved through the corporate 'self-narrative'. Hence, difficult and controversial metaphysical disputes about the corporate agent's identity over time can supplemented or substituted with a narrative approach. French emphasizes that the corporate self-narrative is not solely up to the discretion of the corporation itself. Rather, the narrative must not be manipulative about past events and acts, since "ignoring, forgetting, misdescribing, or allowing the firm's public relations department to construct for its own ends the story of the firm's past synchronically responsible misdeeds does not produce a qualifying corporate self-narrative for diachronic moral responsibility purposes" (ibid. 63). Internal and external checks and balances offer correction, in order to ensure that the "corporate self-narrative is a developmental element of the policy aspects of a corporate internal decision structure" (ibid. 62).

French discusses the case of the BP Deepwater Horizon disaster to show that whether BP is still responsible today can, in the narrative account, be disputed. He argues that it can, but the account raises questions about historic responsibility.

3. *Historic and future corporate responsibility: climate change and digitalization*

A recent study showed that two-thirds of all historic emissions can be traced to 90 corporations in the oil, coal, and gas industries, BP included: the so-called carbon majors (Heede 2014). Since there is a high likelihood, according to climate science, that these companies have caused

anthropogenic climate change, they have now incurred a backward-looking responsibility to compensate climate victims but, according to Henry Shue (2017), they also have forward-looking duties to stop climate change in the future. They should stop denying the facts of climate change through funding climate skepticism and curtailing climate politics through lobbying (Arnold 2016). The carbon majors could announce that now they have made a transition to renewables and hence, according to the self-narrative, they are not the same corporations that caused climate change – they are no longer responsible for past omissions and harms. Studies on historic corporate responsibility show how corporations seek to suppress facts and manipulate the narrative of their own history (Mena et al. 2016; Schrempf-Sterling 2016). The topic of climate change is an example of how the future is inscribed in corporate responsibility – time and sustainability are intrinsically related (Bansal & DesJardine 2014). Developments in the digital economy, with the advent of artificial intelligence and the misuse of big data, also increases the need to make new digital corporate agents responsible (Zuboff 2015; Zwitter 2014). Mulgan argues for a version of extreme collectivism which makes digital agents share the status of humans, in order to make them as accountable as possible (2018).

The paper's contribution, therefore, is to connect the topic of corporate moral agency with a more comprehensive account that takes time: past, present, and future, into account, in order to respond to the concerns about corporate responsibility raised with regard to climate change and digitalization.

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